



Association of the
United States Army

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PRE-RETIREMENT COUNSELING GUIDE

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FOREWORD

The Association of the United States Army, as the professional voice for America's soldiers of yesterday, today and tomorrow, wants to help you and your family through this trying and hectic time. In our continuing efforts to ensure retirees don't become the forgotten component of the Army, we continue to update and improve this publication. This edition includes the Reserve Component retirement program. I would like to acknowledge Army Retirement Services and AR-PERSCOM for their contributions to this publication. They have provided an insightful and informative guide for soldiers of all components about to retire. AUSA wants to make sure that every soldier knows how the Survivor Benefit Plan works, what's available through the Department of Veterans Affairs, how medical care is provided and much, much more. This guide is being made available to you for that reason.

To those who have devoted their professional lives to ensuring our nation's security, we offer this guide to personal security.

"Once a Soldier . . . Always a Soldier!"

*Gordon R. Sullivan
General, U.S. Army Retired
President
Association of the United States Army*

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Section A — Introduction

1-1 GENERAL

Retirement can be a time of pleasure or difficulty depending on your attitude and how well you prepare. This guide is intended to help you understand some of the actions you can take to make your retirement more comfortable and enjoyable.

The following are some basic but very important considerations:

a. Start with a positive attitude.

Don't view retirement as the end of a career or lifestyle but rather as a transition. It's an opportunity to move out of past responsibilities and relationships and into new ones. The way you approach this transition will influence how successful your retirement will be. It's natural to experience anxiety, but you should make that anxiety a positive quality and let it energize you.

b. Prepare early.

The more preparations you make, the easier the transition will be. It's too late to start developing a successful retirement plan the day before you retire. There are many publications and organizations available to assist you — use them. Start with your installation Retirement Services Office (RSO) and your Army Career and Alumni Program (ACAP) Office. These offices will get you started in the right direction. Locate your servicing RSO and ACAP at: <http://www.armyg1.army.mil/retire> and <http://www.acap.army.mil>

c. Understand the impact of your retirement on others.

If you have a family, remember that they have played a large part in your Army career. Their "Active Army career" is also coming to an end and they will need some adjustment time too. Be sensitive to each other's needs. Discussing changes can ease potential problems in your relationship.

1-2 USE OF FACILITIES

You and your family members are authorized the use of facilities on military installations when adequate space is available. The capability to accommodate retired soldiers varies widely at each military installation. The Installation Commander determines whether retired personnel may use the facilities. Generally, retired personnel are accommodated providing their use of the facilities does not present any hardship on active duty soldiers who have first priority.

Section B — General Administration

2-1 PERSONAL/FAMILY INFORMATION

This period of transition provides an excellent opportunity to get some of your personal and family records in order. Original or certified copies of documents are required when you file for various benefits from the Department of Veterans Affairs, Social Security Administration and other Government agencies. You should make sure that your vital documents are in order and that your next of kin or the executor of your estate knows where the documents are stored. Some of the more essential documents are: a will; birth certificates for you, your spouse and/or children; marriage certificate; divorce decree; DD 214 (Certificate of Discharge); names of banks and credit unions, and routing and account numbers; adoption papers; insurance policies; and a list of assets and liabilities.

2-2 MILITARY RECORDS

Make copies of your medical and dental records before leaving active duty. These records will be turned in when you process out, and once they are forwarded to the records holding area it is difficult to obtain copies. It is also advisable to retain any paper copies of military personnel records you have. These are extremely difficult to obtain once they have been forwarded to the personnel records center.

2-3 IDENTIFICATION CARDS

You and all eligible family members will be required to obtain new ID cards upon your retirement. Guidelines on eligibility and how and when to get new cards can be obtained from your personnel officer or your RSO.

2-4 WHEN CAN YOU RETIRE?

You can request retirement from your Military Personnel Office when your active service (including active duty for training (ADT), active duty special work (ADSW), temporary tour active duty (TTAD), full-time National Guard duty (FTNGD), and active Guard/Reserve (AGR) totals 20 years (Section 3926, Title 10 U.S. Code). Officers may also use service as a contract surgeon or acting dental surgeon to qualify for retirement. During drawdown periods, you may be able to retire with less than 20 years of service under the Temporary Early Retirement Authority (TERA).

2-5 COMPUTING RETIRED PAY AND COST-OF-LIVING ADJUSTMENTS (COLA)

a. DOD Financial Management Regulation

The DOD Financial Management Regulation, DOD 7000.14-R, Volume 7B, Military Pay Policies and Procedures — Retired Pay, (referred to hereafter

as DOD 7000.14-R), contains everything you ever wanted to know about retired pay. You can access it at <http://www.dtic.mil/comptroller/fmr/>. Scroll down to Volume 7B.

b. Which retired pay plan are you under?

There are three retired pay plans for computing length-of-service retired pay. The “date of initial entry into military service,” also called the DIEMS date (pronounced DEEMS), determines the plan that you fall under for computation of your retired pay. That is all the DIEMS date is used for! It is not used in the retired pay formula. The DIEMS date pertains to the earliest date of enlistment, induction, or appointment in a regular or reserve component of a uniformed service as a commissioned officer, warrant officer, or enlisted member. It is rarely the same as your basic active service date (BASD) and often earlier than your pay entry basic date (PEBD). Situations where the DIEMS date will be earlier than the PEBD include:

Academy graduates — The DIEMS date is the date the soldier entered the Academy, or the date the soldier signed up for any active or Reserve service before entering the Academy. Use the date from the academy transcript, or four years before the date of RA commission, whichever is earlier. NOTE: Academy time is not creditable for retired pay purposes (for officers).

ROTC — The DIEMS date is the earliest of: 1) the date the soldier began a ROTC scholarship program, 2) the date the soldier enlisted as a Reserve in the Senior ROTC program, or 3) the date the soldier signed up for any active or Reserve service before entering the ROTC program. Proof of an ROTC scholarship will be found on DA Form 597 (Army Senior Reserve Officer Training Corps (ROTC) Scholarship Cadet Contract). Senior ROTC course enrollment can be proven by the DD Form 4 (Enlistment/Reenlistment Document — Armed Forces of the United States), or DA Form 61 (Application for Appointment), whichever is earlier. The DA Form 61 cannot be used to verify enrollment in the Senior ROTC course during the month of September 1980. Note: ROTC time is not creditable for retired pay purposes although any Reserve time served while also a member of the ROTC program is creditable for basic pay purposes.

Break in service — The DIEMS date is the date the soldier initially became a member of a uniformed service, any branch or component, even if the soldier had a break in service and reentered at a later date.

Delayed entry program (DEP) — The DIEMS date is the date the soldier signed up for the DEP, not the date the soldier came on active duty. Use the date of signature on DD Form 4 (Enlistment/Reenlistment Document — Armed Forces of the United States).

Direct commissioning program (DCP) — Use the date of signature on DA Form 71 (Oath of Office — Military Personnel).

Student at the Uniformed Services University of Health Sciences (USUHS)

Participant in the Armed Forces Health Professions Scholarship Program

Not all services have their DIEMS dates properly defined in their personnel records. You may be asked to produce documentation to verify your DIEMS date.

c. Service creditable for percentage purposes

All three retired pay plans use “service creditable for percentage purposes” in their formulas. In addition to percentage credit for your active duty service, you may receive percentage credit for certain inactive Reserve points and, for officers, medical or dental school. Before receiving credit for the additional time, you must first qualify for retirement by completing 20 years of active duty. For a complete explanation of service creditable for percentage purposes, see para 0103 of DOD 7000.14-R. Medical and dental officers must also read para 010202 of DOD 7000.14-R.

d. Service for basic pay purposes

All three retired pay plans give you a percentage of a “basic pay base.” NOTE: You do not receive a percentage of other compensations such as housing allowance, subsistence allowance, or federal tax advantages. This can make a significant difference in dollar amounts when computing your potential retired pay. The basic pay base for those with DIEMS dates before 8 September 80 is the final basic pay. In most cases, the basic pay base for those with DIEMS dates on or after 8 September 80 is the average of their highest 36 months of basic pay, referred to as “high-3.”

e. The three retired pay plans are:

1. DIEMS date before 8 September 80 (Final Basic Pay) (7.2% of the force) Service creditable for percentage purposes X 2-1/2% (not to exceed 75%) X final basic pay = Retired pay

a) These soldiers receive a percentage of their final basic pay; therefore, they should take care not to retire just before an increase in their basic pay such as those applied at the 20-, 22-, 24-, or 26-year points. For example, a Lieutenant Colonel with 21 years and 10 months on 1 April should wait until 1 June to retire so the retired basic pay will be the final month’s basic pay for a Lieutenant Colonel with over 22 years versus over 20 years.

b) Officers who retire under the Final Basic Pay plan with less than 10 years of commissioned service retire in their highest enlisted or warrant officer grade. They receive a percentage of the final basic pay that corresponds to the retired grade and years of service at retirement..

c) Officers who have 10 years of commissioned service, but who retire before completing the required time in their current officer grade without an approved waiver, will retire at the next lower grade and receive a percentage of the final basic pay that corresponds to the lower grade and years of service at retirement.

d) Soldiers under the Final Basic Pay plan, retiring on the same day as a basic pay rate change (e.g., retire 1 January with last day of active duty on 31 December; or 1 July with last day of active duty on 30 June), may be eligible to have their retired pay calculated on the new pay scale. Officers who retire voluntarily use the new pay scale as long as they qualify for retirement at least one day before their retirement date. Enlisted soldiers use the new pay scale. Warrant officers can't use the new pay scale. See para 0104 of DOD 7000-14.R for details on mandatory and disability retirements.

e) Cost-of-living-adjustment (COLA) — If your DIEMS date is before 8 September 80, you will receive an annual COLA representing the difference between the Consumer Price Index (CPI) for the third quarter of one calendar year to the third quarter of the next. The COLA is normally effective 1 December and payable the first working day in January. The first COLA will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive a full COLA.

2. DIEMS date between 8 September 80 and 31 July 86
 (High-3) (15.19% of the force) Service creditable for percentage purposes
 $X 2\text{-}1\text{/}2\%$ (not to exceed 75%) X average of highest 36 months of basic pay
 = Retired pay

a) In most cases (see exceptions below), under the High-3 formula, the basic pay base is the average of the monthly basic pay rates you received for the 36 months just before your retirement.

b) Commissioned officers who were former enlisted, who retire with less than 10 years of commissioned service and less than 30 years of total service, will use only enlisted basic pay in the calculation of their highest 36 months of basic pay (Section 1407, Title 10 USC). The enlisted basic pay corresponding to the member's years of service for the 36 months before retirement will be used. NOTE: Commissioned warrant officer time may be used to meet the 10-year commissioned service requirement.

c) Commissioned officers under the High-3 formula who retire with 10 or more years of commissioned service, but who fail to serve the required time to retire in their current grade, will retire at the next lower grade. However, both the officer and enlisted basic pay for the 36 months before retirement will be used to compute the average of the highest 36 months of basic pay.

d) If you serve on active duty for less than 36 months (e.g., disability retirement), the basic pay base is the amount of monthly basic pay you received during the period you were on active duty divided by the number of months, including any fraction, that you served on active duty.

e) For more information on calculating the average of the highest 36 months of basic pay, see para 0301 of DOD 7000.14-R.

f) COLA — If your DIEMS date is between 8 September 80 and 31 July 86, you will receive an annual COLA representing the difference

between the Consumer Price Index (CPI) for the third quarter of one calendar year to the third quarter of the next. The COLA is normally effective 1 December and payable the first working day in January. The first COLA will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive the full COLA.

3. DIEMS date on or after 1 August 86 (High-3 or CSB/REDUX)

If you are in this group, you are automatically covered under the High-3 plan discussed in (2) above. However, between your 14-1/2 and 15th year of active duty, you may be given an opportunity to elect to have your retired pay calculated under the REDUX formula and receive a \$30,000 career status bonus (CSB) payable in lump sum or in from two to five annual installments. This option is called CSB/REDUX. CSB/REDUX elections made before a soldier's 15th year of active duty become effective and irrevocable at the 15th year. To be eligible, you must qualify under your service's regulations for retention to 20 years. You must also agree to serve continuously until you complete a total of 20 years. In most cases, failure to complete 20 years of service will result in the soldier having to pay back the full, before-tax CSB amount.

CSB/REDUX: Soldiers who are eligible for and elect to receive the \$30,000 CSB agree to have their retired pay calculated under the CSB/REDUX formula as follows: Service creditable for percentage purposes X (2% per year for years 1 through 20, and 3.5% per year for years 21 through 30, not to exceed 75%), X the average of the highest 36 months of basic pay paragraphs 2a through 2c above also apply to calculation of the highest 36 months of basic pay for the CSB/REDUX plan). At age 62, retired pay will be recomputed under the High 3 formula (see (2) above); however, the recomputation will NOT be retroactive. Under CSB/REDUX, the longer an individual stays on active duty, the closer the retired pay percentage multiplier is to what it would have been under High-3, up to the 30-year point where the percentage multipliers are equal.

A soldier who accepts the \$30,000 bonus and later retires for disability will use the High-3 formula for the length-of-service portion of retired pay.

A tax-deferred thrift savings plan (TSP), similar to a 401K employer savings plan, became available to military members in January 2002. Soldiers must be participating (i.e. contributing monthly from their basic pay) in the TSP on the "effective date" of their CSB/REDUX election in order to contribute any of their CSB to the TSP. CSB/REDUX elections become "effective" at the 15th year if the TSP election form is returned before then; otherwise, they are "effective" on the date received. There are only two TSP enrollment seasons each year; 15 April through 30 June and 15 October through 31 December. Contributions to the TSP will generally begin the first pay period after the Army accepts your TSP Election Form. (Because of cut-off dates for processing elections, the Army will advise you of the date your election will be made effective.)

Make sure your TSP participation has officially started before your CSB/REDUX election “effective date” if you want to contribute any of the CSB into the TSP. This becomes even more important if you plan to receive the CSB in annual installments in order to maximize the tax-deferred provisions of the TSP. For information on the TSP go to <http://www.tsp.gov>. For more information on the CSB/REDUX retired pay option, go to the CSB/REDUX section of the Army Retirement Services webpage at <http://www.armyg1.army.mil/retire>. That link also contains a by-installation listing of the CSB/REDUX Counselors.

COLA — Members with DIEMS dates on or after 1 August 86, who elect to have their retired pay calculated under CSB/REDUX (including soldiers who retire for disability after having made a CSB/REDUX election, even though their retired pay will be calculated under the High-3 plan), receive reduced COLAs, equal to the Consumer Price Index (CPI) minus 1%, until they turn 62. At 62, they receive a one-time catch-up COLA. Then they revert to the CPI minus 1% COLA. For more information on the three retired pay plans, go to <http://www.dod.mil/militarypay/retirement>. This website has a calculator that allows soldiers to do “what if” calculations for the High-3 and CSB/REDUX retired pay plans. CSB/REDUX information can also be found on the CSB/REDUX/DIEMS link of the Army Retirement Services website at <http://www.armyg1.army.mil/retire>.

2-6 DISABILITY RETIREMENT

a. Disability Pay

Soldiers retiring for disability will have retired pay calculated on the appropriate length-of-service formula (Final Basic Pay or High-3; they are not eligible for CSB/REDUX) AND the percentage of disability formula. Retired pay using the percentage of disability formula is computed by multiplying the percentage of disability by the basic pay base (final or average of highest 36 months, depending on the soldier’s DIEMS date). NOTE: Soldiers will not receive less than 50% of their basic pay base while on the Temporary Disability Retired List (TDRL); however, the percentage can be decreased when the soldier is placed on the Permanent Disability Retired List (PDRL).

Let’s look at an example of a retired pay computation for a soldier with 20 years of service retiring with a 30% permanent disability. Length-of-service retired pay would be 50% ($2\frac{1}{2}\% \times 20$ years) of the basic pay base. Percentage of disability retired pay would be 30% of the basic pay base. In this example, the soldier’s retired pay would be greater using the length-of-service formula, because it provides 50%, vice 30%, of the basic pay base.

Disability retired pay may or may not be taxed, depending on the soldier’s status on 24 September 75. A soldier who was a member of a uniformed service, or under a binding written agreement to become a member, on 24 September 75 will not have disability retired pay taxed. A soldier who was

not a member of a uniformed service, or under a binding written agreement to become a member, on 24 September 75, will have disability retired pay taxed unless all of it is based on percentage of disability and the disability is the direct result of one of the following: armed conflict, extra-hazardous service, simulated war, or an instrumentality of war. Military vehicles, weapons, and other such items could be termed instruments of war whether being used in armed conflict or simulated war at the time. For a soldier who was a member of a uniformed service, or under a binding written agreement to become a member on 24 September 75, the portion of retired pay that is based on the percentage of disability formula is tax free. In the example above, the portion of retired pay based on disability (30% X final basic pay) would be tax free, although the length-of-service retired pay formula (50% X basic pay) would determine the total retired pay entitlement.

b. Combat-Related Special Compensation (CRSC) for Certain Combat-Disabled Uniformed Services Retirees

The Department of Defense, working together with the Department of Veteran Affairs, announced the start of a new compensation program for many disabled military retirees, Combat-Related Special Compensation (CRSC). The new special compensation became effective May 31, 2003, for qualified combat-related disabled retirees. Payments for qualified retirees will accrue beginning June 1, 2003, with first payments possible on July 1st.

Eligible Members are those retirees who have 20 years of service for retired pay computation and who either have at least a 10% disability based on combat injuries for which they have been awarded the Purple Heart or who are rated at least 60 percent disabled because of armed conflict, hazardous duty, training exercises, or mishaps involving military equipment.

Payments will equal the amount of VA disability compensation for combat-related disabilities, but will be reduced for those retirees whose retired pay exceeds what they would have received for length of service. Payments are limited to the amount of the retired pay reduction resulting from receipt of VA disability compensation.

The payments are considered to be tax exempt pending a review by the Armed Forces Tax Council.

Members must apply to their own branch of service using DD form 2860, Application for Combat-Related Special Compensation (CRSC).

Each Uniformed Service will review the applications of their own retirees, with the Department of the Navy reviewing applications for both the Navy and Marine Corps. Payments will be retroactive to June 1, 2003, for all approved applications, no matter when received, to the extent otherwise allowed in law, providing the applicant is otherwise qualified.

Service reviews will determine which disabilities, if any, are combat-related or are the result of an injury for which the member was awarded a Purple Heart.

Combat-Related includes those disabilities that are the direct result of armed conflict or from conditions that simulate combat, or that result from the performance of uniquely hazardous military duties, or caused by an instrumentality of war.

Services will presume that disabilities awarded VA disability compensation based on service-connected exposure to hazards, which are clearly combat-related, are combat-related for the purpose of CRSC. These include Agent Orange, Gulf War illnesses, Radiation Exposure, Mustard Gas and Lewisite. Post-Traumatic Stress Disorder (PTSD) will require combat-related documentation.

Retirees will be informed of denied applications and the reason for denial. They may reapply later if they are able to show they meet the program criteria or appeal the decision if they believe their disabilities were combat-related, but were denied

2-7 RETIRED PAY CALCULATION PROGRAM ON-LINE

Soldiers with access to a computer should use the website below to review the various retirement systems and how retired pay is effected.

<https://www.dod.mil/militarypay/index.html>

You can also obtain a retired pay estimate from the Retirement Services Officer (RSO) at your installation. A listing of RSOs is on the Army Retirement Services Homepage at <http://www.armyg1.army.mil.retire>.

2-8 OTHER RETIRED PAY INFORMATION

Army retired pay is processed by the Defense Finance and Accounting Service — Cleveland Center (DFAS-CL). Documents should be mailed to DFAS, US Military Retired Pay, P.O. box 7130, London, KY 40742-7130. DFAS is available toll-free, 800-321-1080 (0800-1800 Eastern Time) or on the Internet at <http://www.dfas.mil>.

Some basic facts:

a. Payday. You are paid monthly on the first working day of the month, not necessarily the first of the month.

b. Retiree Account Statement (RAS). You will receive a Retiree Account Statement (RAS) (similar to your Leave and Earnings Statement) with your first retired pay. Thereafter, you will receive a statement only if your pay amount changes but may request one at any time.

c. Electronic Funds Transfer (EFT). The use of Direct Deposit/EFT of retired pay is strongly encouraged. With EFT, your retired pay is sent directly to your financial institution. DFAS-CL does not have the capability to directly deposit retired or annuitant pay into a foreign bank.

d. Taxes. Federal taxes (and state taxes, if applicable and requested by you) will be deducted from retired pay. Your retired pay is not subject to

Social Security/FICA taxes because it is “deferred income” rather than “earned income.”

e. Allotments. Allotments from active duty pay, except for the Combined Federal Campaign (CFC), Servicemember’s Group Life Insurance (SGLI), and Veterans Educational Assistance Program (VEAP) will continue into retirement unless stopped by the soldier. Retired soldiers may have up to six “discretionary” allotments and up to nine “non-discretionary” allotments, not to exceed 15 total. Discretionary allotments include payment of insurance premiums for health, auto, or life insurance; voluntary payments to a dependent, former spouse, or relatives; deposits into a financial institution, mutual fund, or investment firm; payment of an auto or personal loan, mortgage, rent and consumer debts. Non-discretionary allotments include U.S. Government Savings Bonds, payment of delinquent taxes, contributions or repayment of loans to Army Emergency Relief (AER), and court-ordered garnishments. Allotments may be changed as frequently as desired after retirement, as long as the number of discretionary allotments does not exceed six.

f. Electronic pay changes. myPay is the online personal pay system operated by the Defense Finance and Accounting Service. myPay lets active duty, National Guard and Reserve military members, civilian employees, and military retirees and annuitants take charge of their pay accounts online. myPay delivers powerful features, customers can perform the following activities:

- View, print and save leave and earning statements
- View and print tax statements
- Change federal and state tax withholdings
- Update bank account and electronic funds transfer information
- Manage allotments
- Edit address information
- Purchase U.S. Savings Bonds
- Control Thrift Savings Plan enrollment (military only)
- View and print travel vouchers (Features vary by Armed Service and status)

myPay is simple and secure Available nearly 24/7, myPay means no waiting in lines or on the phone. Easy to use menus and clear confirmation messages give customers confidence that changes they request are made quickly and correctly.

Strong encryption and secure sockets layer technologies combined with user-unique access make myPay safe to use and protect personal information from unauthorized access.

2-9 TRANSITION LEAVE

a. AR 600-8-10, Leave and Pass Administrative Absences, governs leave.

b. At retirement, the leave you have accrued through your retirement date may be sold (limit of 60 days per career), used as transition leave, or split between these two options. You must decide what is best for you. Because it is difficult to cancel an approved retirement, it is best to decide on a course of action *before* to submitting your retirement request. The following factors may affect your decision:

- If you have less than 30 years of service, each additional month you serve on active duty provides an additional retired pay multiplier of 1/12th of 2-1/2% (for those under the Final Basic Pay or High-3 formulas) or 1/12th of 2% or 3.5%, for those under CSB/REDUX. The retired pay multiplier is capped at 75% under all three plans after 30 years of service.
- You must retire on the 1st day of a month unless you retire for disability.
- Since 10 February 76, you can't sell back more than 60 days' leave per career.
- Each day of leave that was accrued on or before 31 Aug 76 can be sold back at today's rates for basic pay, basic allowance for housing II (BAH II, formerly called BAQ), basic allowance for subsistence and, if applicable to the individual, the personal money allowance. The number of pre-31-Aug-76 leave days you have are reflected on your June and December Leave & Earnings Statements (LES).
- Each day of leave you sell back that was accrued after 31 Aug 76 can be sold back for basic pay only.
- For current basic pay, BAH, BAH II, and BAS rates, see the following web sites:
Basic pay: <http://www.dfas.mil/money/milpay/pay/>
BAH: <http://www.dtic.mil/perdiem/bahform.html>
BAH II: <http://www.dtic.mil/perdiem/bah.html>
BAS: <http://www.dfas.mil/money/milpay/pay>
- Accrued leave paid in a lump sum is automatically taxed at the 28% rate.
- You MAY work while on transition leave, even for the federal government.
- Soldiers retiring for disability will have their retirement date moved back to allow them to use any transition leave they are unable to sell back due to the 60-day limit.
- With your commander's approval, you may receive 20 or 30 days of permissive TDY to job hunt and house hunt. Permissive TDY is in addition to any regular leave you have. You may take it as a lump sum in conjunction with your retirement/transition leave or you may take it as a series of trips in the months preceding your retirement.

c. Because any leave you have accrued over 60 days will be lost if you don't take it as transition leave, you only need to decide what you want to do with your first 60 days — sell them or take them as transition leave. If you remain on active duty the last 60 days, you will have 60 days of leave to sell when you retire; if you take transition leave and depart 60 days early, you won't. The example below illustrates this point for two soldiers who have approved retirements for the same day. One chooses to sell 60 days of leave; the other to leave 60 days early on transition leave.

CASH IT IN

- Remain on active duty
- 60 days cashed in leave
- Full Pay & Allowances

TAKE IT

- Leave 60 days early
- No Leave to cash in
- Full Pay & Allowances

- While it may appear to be a cut and dried decision, other factors can complicate it. For example, what if you were offered a job that required you to begin working 60 days before retirement? Would the opportunity for a great job be worth more to you than the money you would receive from cashing in 60 days of leave? There are any number of reasons you may want to use the first 60 days of leave as transition leave rather than cashing it in. You must determine the course of action best for you.

d. Soldiers with more than 30 years of service also have the option of selling leave or taking it as transition leave. But they don't have to worry about decreasing their retired pay multiplier, because it stopped increasing when it reached 75% after they completed 30 years of service. In fact, if a soldier with more than 30 years and 2 months of service is considering taking the first 60 days of leave as transition leave instead of selling it, the soldier should instead consider retiring two months earlier and selling back the leave.

For example, if a soldier retires on 1 Oct and takes 60 days of transition leave, the member will receive 60 days of basic pay and allowances between 1 Aug and 1 Oct. On the other hand, if the member retires two months earlier, on 1 Aug, the member will receive 60 days of basic pay for the cashed in leave (plus basic allowances for housing and subsistence, for any post 31 Aug 76 accrued leave days), two months of retired pay, and, if the member is lucky enough to get a job immediately upon retirement, salary from the employment.

TAKE LEAVE 1 AUG TO 1 OCT RETIRE 1 OCTOBER

- 60 days basic pay & allowances

CASH IN LEAVE 1 AUG TO 1 OCT RETIRE 1 AUGUST

- 60 days basic pay (leave cash-in)
- Retired Pay 2 months
- Salary from Employment...?

While it's true that the member who retires on 1 Oct gets 60 days' worth of allowances that the member who retires 1 Aug with no pre-Aug-76 accrued leave doesn't, the shortfall is more than made up for by the two months of retired pay and possible salary from employment. Even if the member who retires on 1 Aug doesn't become employed immediately, the member will have 60 days to spend looking for employment that the member who remains on active duty until 1 Oct won't have.

Your personal circumstances will dictate which option you chose. Your RSO can help you determine which option is best for you.

2-10 RETIREMENT RECOGNITION

You will be given the opportunity to participate in a retirement ceremony and receive a retirement certificate and retiree lapel pin. Those who retire on or after October 1, 1998 will receive a United States flag. Your spouse, if applicable, will receive a certificate of appreciation. A presidential certificate of appreciation is given to soldiers with more than 30 years of service, Medal of Honor recipients, and former prisoners of war who qualify for or have been awarded the POW medal. These items are normally presented during a retirement ceremony. However, if you choose not to participate in a retirement ceremony, your Transition Center will make other arrangements to get them to you.

2-11 EMPLOYMENT

There are several employment restrictions which apply to soldiers after retirement. These restrictions are covered in DOD Directive 5500.7, Standards of Conduct and at mandatory Pre-retirement Briefings. You are urged to attend a Pre-retirement Briefing before you accept post-retirement employment. Specific questions should be directed to any Designated Agency Ethics Official (DAEO). DAEO's are usually in legal assistance offices.

2-12 MOBILIZATION/RETIREE RECALL

The Army Reserve Personnel Center (AR-PERSCOM) administers a program to recall retired soldiers in case of full or partial mobilization. Officers and enlisted personnel under 60 years old and in good health are subject to recall in case of war or national emergency as declared by the President. Warrant officers may be recalled up to age 62. General officers are called on a case-by-case basis. AR-PERSCOM identifies retired soldiers on their Total Army Personnel Data Base — Reserve (TAPDB-R). Every effort is made to assign the retired soldier to a base within 300 miles of his or her home. Recall orders will be issued only at the time of a mobilization. AR-PERSCOM will make periodic contact with retired soldiers to keep their files up to date.

2-13 ARMY ECHOES

Army Echoes is the official bulletin for the Army retiree. It is designed to keep retirees and family members up to date on changes in military benefits, entitlements and provide contact information for Retirement Services Officers and other offices of interest to the retired military community. The Army Retirement Services Office, Deputy Chief of Staff, G-1, publishes *Echoes* three times a year for retired soldiers and annuitant surviving spouses. After your retirement, you can read *Echoes* on the Army Retirement Services Office homepage <http://www.armyg1.army.mil/retire> or it can be mailed to you. To receive via regular mail, do nothing. *Echoes* will be sent to your address automatically. The source of the *Echoes* mailing list is the Defense Finance and Accounting Service – Cleveland Center (DFAS-CL). The DFAS mailing list is also used by DFAS to mail you IRS Form 1099R and retiree account statement. Therefore, don't forget to change your home address if you move. Some retirees forget to change their home address because their pay continues electronically to their financial institution.

Echoes is an important source of information and is costly to print and mail. Please read it and encourage your family members to read it.

2-14 THE FEDERAL LONG TERM CARE INSURANCE PROGRAM (FLTCP)

Long term care is ongoing care for people who need lengthy or even lifelong help with activities they perform every day – such as bathing and dressing – due to an illness, injury, or severe cognitive impairment (such as Alzheimer's disease). Over half (60%) of people who reach age 65 will need long term care at some point in their lives. Long term care could be the most expensive type of care you ever face – and costs are only going to get higher. Long care expenses are not covered by traditional medical insurance plans. Most health care programs, including the FEHBP Program, TRICARE, and TRICARE for Life, cover very few long care expenses, if any! The Federal Long term Care Insurance Program is the result of the efforts of the U.S. Office of Personnel Management (OPM) and two insurance leaders – John Hancock and MetLife – to provide comprehensive benefits and group premiums. Long term insurance helps preserve your retirement savings should a long term care need arise. The Federal Long Term Insurance Program is the only plan that has OPM oversight and sponsorship. Further information is available by contacting The Long Term Care Partners, LLC who administers the program, at 1-800-582-3337 or www.ltcfeds.com. We strongly recommend you become knowledgeable and compare policies from several sources before making any decision involving long term care insurance. There are many variables and provisions available. Become smart on the topic and be a wise consumer.

Section C — Medical Information

3-1 RETIREMENT PHYSICAL

A retirement physical is highly encouraged and should be obtained no more than four (4) months and no less than one (1) month before retirement or the start of transition leave. Contact your local military treatment facility for details and appointments.

Attention Persian Gulf Veterans

If you are a Gulf War veteran, you are eligible for medical evaluation either through DOD's Comprehensive Clinical Evaluation Program (CCEP) or the Department of Veterans Affairs (VA) Persian Gulf Registry.

a. DOD's CCEP: DOD established the CCEP to provide in-depth evaluations of Gulf War veterans who are currently in one of the active or Reserve components, or are retired. Personnel who want medical examinations are encouraged to contact the program at 800-796-9699 or DSN: 878-3261 to set up an appointment. For those overseas that do not have DSN access, the direct line for CCEP is (408) 583-2500. Hours are Monday-Friday, 0600-1600 Pacific Time.

b. VA Persian Gulf Registry: The VA offers a free, complete physical examination with basic laboratory studies to every veteran who served in the Gulf War who is no longer in military service. A centralized registry of participants who have had these examinations is maintained to keep them informed through periodic newsletters. Family members of Gulf War veterans are also eligible to receive a Registry medical examination. Call 800-PGW-VETS (800-749-8387) with questions about care and benefits, and to schedule examinations. For those overseas, call the nearest U.S. Embassy and ask for the Foreign Benefits Unit. Information is also available via the World Wide Web at: <http://www.va.gov/> or <http://www.gulflink.osd.mil>.

E-mail communication is also available from special-assistant@gwillness.osd.mil, enabling quick responses to inquiries from veterans and the public, including requests for the bi-monthly newsletter, GulfNEWS.

3-2 RETIREE MEDICAL TREATMENT

a. TRICARE background — Since the end of the Cold War, the U.S. military has dealt with new challenges to its organization and mission. Fewer men and women are on active duty. Along with fewer combat forces, there have been reductions in support forces, including physicians and other medical professionals.

As a result of Base Realignment and Closure (BRAC) 35 percent of the military hospitals that existed in the United States in 1987 have closed. Yet, the total number of people seeking health care through the Military Health Services System (MHSS) has decreased far less — by only 9 percent.

Another shift in support requirements has occurred over the last few decades. In the early 50s, military retirees and their families comprised only 8 percent of those eligible for care in the military health care system. Today, retired soldiers — who often require more medical care than their active duty counterparts — make up more than 50 percent of those eligible for care.

But as hospitals were closed, health care for many retirees became less accessible, with appointments at military hospitals and clinics more and more difficult to obtain. Simply stated, the demand for health care began to exceed the system's capacity to deliver it.

Two more factors led to changes in the MHSS — the rising cost of health care and the continuing requirement to maintain a trained and ready medical corps to support our troops, in peace or combat.

Costs for medical care are rising in both the civilian and military communities because of improved technology, increased use, and aging of the population.

While providing health care during peacetime is an important mission, the number one priority of the MHSS is to support emergency operations. A new approach was needed to meet peacetime demands for care while preserving the capability within the active duty medical corps to deploy and support military men and women on operational missions.

In response to that challenge, DOD introduced TRICARE. TRICARE is a regionally managed health care program for active duty and retired members of the uniformed services, their families, and survivors. TRICARE brings together the health care resources of the Army, Navy, and Air Force and supplements them with networks of civilian health care professionals to provide better access and high quality service while maintaining the capability to support military operations.

A senior military health care officer, called a Lead Agent, manages TRICARE in each of 15 geographical regions in the U.S., Europe, and the Pacific.

b. How TRICARE works — The National Defense Authorization Act of Fiscal Year 01 made significant changes to military health care for beneficiaries 65 and over. Therefore, benefits available to the under- and over-65 beneficiary population are discussed separately below. Questions on your health benefits should be directed to the Health Benefits Advisor (HBA) or Beneficiary Counseling and Assistance Coordinator (BCAC) at the nearest military medical facility. These individuals will help you get the medical care you need, at the best price and in the most convenient manner.

1. Beneficiaries under 65: Beneficiaries under 65 must choose between two options, TRICARE Standard or TRICARE Prime.

a) TRICARE Standard — Beneficiaries under 65 are automatically covered under TRICARE Standard unless they choose to enroll in TRICARE Prime. Under Standard, you and your family are authorized medical care at any MTF on a space-available basis. Availability varies based

on location, facilities and staffing. When the services you require cannot be obtained through the local MTF, it may become necessary to seek care from a civilian provider and have these services cost shared by TRICARE Standard. This option provides you with the greatest freedom of choice of providers, but at the greatest potential cost. Outpatient deductibles are \$150 per person, and \$300 per family per year. The annual deductibles required under TRICARE Standard must be met before cost sharing begins. Cost share is 25% of allowable charges, plus charges assessed by the doctor over and above the allowable. (See TRICARE Extra and TRICARE Plus below for additional options.) The annual cap on out-of-pocket deductibles and allowable cost shares for retirees is \$3,000.

TRICARE Standard/Medicare SUPPLEMENT — TRICARE Standard does not cover all health care. There are also special rules and limits on certain care. Consequently, a TRICARE Standard Supplement may be needed to cover the costs of services not covered by TRICARE Standard if you do not have other health insurance through a spouse or employer. TRICARE Standard is second pay to other insurance, and will pick up the costs the other insurance does not cover, up to the amount it would have paid had no other insurance been available. Many military organizations and associations offer supplemental insurance. Premiums vary depending on the type of coverage chosen. We recommend you obtain information from them and select the plan that best meets your needs. The Health Benefits Advisor (HBA) at the nearest MTF (any service) can furnish a listing of organizations that offer supplemental insurance.

b) TRICARE Extra — Beneficiaries who use TRICARE Standard can use a special network of providers for a co-payment of 5% less than under TRICARE Standard (20% of allowable charges versus 25% under TRICARE Standard). This option is called TRICARE Extra. When obtaining care from a provider in the TRICARE Extra network, the beneficiary is not liable for charges above the allowable, because network providers charge only the allowable amount. Beneficiaries may choose to use a network provider on a case-by-case basis. For inpatient care, TRICARE Standard beneficiaries are liable for a set amount per day or 25% of billed charges, whichever is less, plus 25% of allowed physician charges. The annual cap on out-of-pocket deductibles and allowable cost shares for retirees is \$3,000.

c) TRICARE Prime — TRICARE Prime works like a Health Maintenance Organization (HMO). Retired beneficiaries pay an annual enrollment fee of \$230 per person, \$460 per family. In exchange for their enrollment in Prime, TRICARE Standard deductibles are eliminated. Those who enroll in Prime select a personal primary care manager (PCM) for themselves and each family member. The majority of enrollees will have their PCM in a MTF. Whenever possible, treatment is provided in the MTF. In fact, Prime enrollees have top priority in MTFs. When care is not available in the MTF, the PCM refers the patient to a network of civilian care providers. In addition to the annual enrollment fee paid by members

under 65, members receiving care from the civilian provider network pay a small co-payment each time they visit a provider. The annual cap on out-of-pocket expenses for retirees is \$3,000.

2. Age-65 and over beneficiaries: Beneficiaries 65 and over are covered by TRICARE for Life, the TRICARE Senior Pharmacy (TSRx) Program and TRICARE Plus at selected MTFs.

a) TRICARE for Life: Military beneficiaries over 65 who are eligible for Social Security Medicare Part A and are enrolled in Medicare Part B are eligible for healthcare services under TRICARE for Life. Under TRICARE For Life, if medical services are covered by both TRICARE and Medicare, Medicare will pay the Medicare allowable amount and TRICARE will pay the cost share as well as any Medicare deductibles. For services covered by Medicare but not TRICARE, Medicare will pay its normal amount and the beneficiary will be responsible for Medicare deductibles and cost-shares. If services are covered by TRICARE but not Medicare, Medicare pays nothing and TRICARE will cost share as under TRICARE Standard.

3. All beneficiaries:

a) TRICARE Plus: TRICARE Plus is a local military treatment facility (MTF) based primary care enrollment program. It provides TRICARE-eligible beneficiaries, not enrolled in TRICARE Prime, an opportunity to enroll with their local MTF for primary care services. There is no enrollment fee. Beneficiaries are provided with a designated primary care provider at the MTF as their principal source of care for primary care only. Appointments use the same access standards as TRICARE Prime (urgent care, 24 hours; routine care, 7 days.) Specialty care is provided at MTFs only to the extent that capability and capacity exist. TRICARE For Life benefits are not effected by enrollment in the TRICARE Plus program. Specialty care should be sought in the civilian sector. Medicare and TRICARE rules apply to payment of claims. Beneficiaries may wish to contact the TRICARE Service Center or the TRICARE Website to find the name of Medicare or network providers in their locality.

TRICARE Plus is not portable. TRICARE Plus beneficiaries cannot use their enrollment at another facility.

The availability of TRICARE Plus in a location, and number of enrollees, is based on the local military treatment facility commander's determination of enrollment capacity.

b) Pharmacy benefits: All beneficiaries, regardless of age, are eligible for the following three DOD pharmacy programs. Beneficiaries over 65 must be enrolled in Medicare Part B to be eligible.

MTF pharmacies. The least expensive option is an MTF pharmacy which requires no co-payment.

NMOP. Beneficiaries can get low-priced medications through the National Mail Order Pharmacy (NMOP). By mailing a prescription along with payment, the beneficiary can receive up to a 90-day supply of most medications. There are quantity limits and formulary restrictions for some drugs. For more information, go to <http://www.merck-medco.com> or call 800-903-4680.

TRICARE retail pharmacy program. retail pharmacy program. Prescriptions which must be filled immediately can be obtained through TRICARE's retail pharmacy program. By using a network pharmacy, beneficiaries can receive a 30-day supply of medicine for a very small co-payment. To find the nearest local network pharmacy, call DOD's Customer Care Center at (877) 363-6337 or go to <http://www.tricare.osd.mil/pharmacy/>.

c) Enhanced TRICARE Retiree Dental Program (TRDP): The Federal Services Division of the Delta Dental Plan of California offers the TRDP to uniformed services retirees of all ages, certain unremarried surviving spouses, and their family members throughout the U.S., Puerto Rico, Canada, and the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. Enrollment in TRICARE Prime is NOT a requirement to join the dental plan.

- Comprehensive coverage for the most commonly needed and sought-after dental services with the full scope of benefits available after only 12 months.
- The choice to visit any licensed dentist in the service area, or for more cost savings, to choose from over 67,000 network dentist locations.
- Affordable monthly premiums deducted automatically from Uniformed Services retired pay.

Monthly premiums depend upon where you live and the type of coverage elected (self or family). The current premiums for your area can be found at <http://www.ddpdelta.org>. The 2003 rates are effective through 30 April 2004. For more information or to obtain an enrollment form, contact Delta Dental at 1-888-838-8737 or the website above. The information on this site will introduce you to this unique program, from the rules that determine eligibility and a description of the service area that allows you broad access to coverage, to your options in choosing a dentist and instructions on how to enroll in the program—all designed around a comprehensive scope of benefits to help you and your family gain and maintain good dental health.

Section D — Department of Veterans Affairs (VA) Benefits

4-1 GENERAL

The VA will send you information on benefit programs available to you soon after you retire. You should check with a local VA representative when you have questions on your entitlements. The VA has certain eligibility criteria based on your period of military service, type of discharge, and percentage of disability, if applicable. The following information highlights some basic VA entitlements, but it is recommended that you obtain individual counseling specific to your situation. Individual counseling is available at any local VA office. Contact them for an appointment. To reach the nearest VA regional office, call, toll-free 800-827-1000. The VA can be reached on the Internet at <http://www.va.gov>.

4-2 VA DISABILITY COMPENSATION

Retiring personnel should apply to the VA for a disability rating. This rating provides the retiree a priority for treatment in the VA medical system; establishes a record for future medical evaluations, should your medical condition deteriorate; and could mean you receive a tax-free amount of money to “compensate” you for medical problems experienced while on active duty. The VA will assign you a disability rating based on your degree of disability. This can range from 0% through 100% and is always based on increments of 10% (e.g., 10% disability; 20% disability, etc.). Law sets VA disability percentage amounts. A 10% VA disability rating does NOT mean that you will receive 10% of your retired pay tax free as many soldiers mistakenly believe. Current rates can be obtained from your Retirement Services Officer or local VA Office. VA compensation will reduce, dollar for dollar, the amount of retired pay you receive; however, the VA compensation is tax free.

Review your medical records thoroughly and record all the medical problems you experienced during active duty. These problems will form the basis for your medical review by the VA. Depending on your duty station at the time of retirement, you will be given a physical either by VA officials, DOD officials, or both.

If you are a Gulf War veteran, consider obtaining an exam under the DOD Comprehensive Clinical Evaluation Program (CCEP) or the Department of Veterans Affairs (VA) Persian Gulf Registry discussed earlier in this guide.

Vietnam veterans should be aware that there are many illnesses which VA presumes were caused by service in Vietnam between 9 January 62 and 7 May 75. If you know of a veteran or surviving spouse or child of a veteran with one of the following illnesses, and the veteran served in Vietnam anytime between 9 January 62 and 7 May 75, have them contact the VA immediately to inquire about service-connected disability compensation.

Respiratory cancers (lung, larynx, and trachea) (must have developed within 30 years of exposure)
 Hodgkin's disease
 Multiple myeloma (bone marrow cancer)
 Non-Hodgkin's lymphoma
 Soft tissue sarcoma
 Cloracne (must have appeared within one year of exposure)
 Lymphocytic Leukemia (CLL)
 Porphyris cutanea tarda (liver condition)
 Prostate cancer
 Peripheral neuropathy (neurological disorder)
 Spina bifida (in children of veteran)
 Adult onset diabetes

Forms to file your application for VA disability compensation can be obtained from your RSO. This procedure takes some time, but is extremely important. It establishes your record with the VA, which can help your family or survivors should they apply for VA benefits based on your service.

4-3 VA HOME LOANS

VA guaranteed home loans are available to qualified veterans and surviving spouses to purchase, improve, or refinance a house or condominium, and to purchase or refinance a manufactured home. Those eligible must make their own arrangements for loans through the usual lending channels, such as banks, savings and loan associations, building and loan associations, and mortgage loan companies. VA will guarantee up to a certain amount of that loan. Veterans may now negotiate interest rates on VA-guaranteed home loans with lenders. For more information, contact VA.

4-4 EDUCATIONAL ASSISTANCE

The VA administers a wide variety of programs for retired soldiers seeking assistance for education and training. These programs include vocational rehabilitation and special training programs for disabled veterans. Retiring soldiers who were covered under the GI Bill that ended on 31 December 89 may still be eligible for education benefits under special rules. Contact your local VA Office for specific details.

4-5 SGLI/VGLI

Soldiers on active duty and most reserve soldiers are covered by Service-member's Group Life Insurance (SGLI). SGLI is group insurance. The program is supervised by the Department of Veterans Affairs. Premium costs, while on active duty, are extremely low. After you retire, you receive 120 days of free SGLI coverage, followed by the opportunity to convert SGLI to Veterans Group Life Insurance (VGLI) in an amount equal to or less than the SGLI coverage you had when you left active duty. Soldiers who are totally disabled for insurance purposes may keep SGLI free for one year

after retirement; however, application for the free coverage must be submitted within the first 120 days after retirement. Family members are not eligible to continue their SGLI coverage. VGLI costs more than SGLI, but VGLI may be renewed every five years for life. The VGLI premium increases every five years at renewal time, based on your nearest age at the time of renewal. However, coverage under VGLI is guaranteed regardless of your current health. This is an important feature, especially for those soldiers who are uninsurable because of disabilities or other health-related problems. VGLI may be canceled at any time, or converted to a commercial insurance policy (for anything other than term insurance) without proof of insurability. Upon request, the VA will furnish a listing of insurance companies that will convert VGLI.

4-6 VA MEDICAL CARE

Providing there is adequate funding, the VA will provide no cost hospital and outpatient care as well as pharmacy benefits to former soldiers who receive VA disability compensation, are former POWs, have an illness possibly resulting from exposure to Agent Orange or environmental hazards in the Persian Gulf, or have low incomes under VA criteria. All others may receive treatment to the extent resources and facilities are available, but co-payments will be required. Family members are not entitled to VA health care.

Soldiers retiring today should enroll in the VA health care system as soon after retirement as possible, although enrollment can be done at any time in the future. Early enrollment will help the VA for planning purposes. Once enrolled, a veteran is placed in one of seven priority groups. The VA will provide care to as many groups as possible depending on the availability of medical funding. VA automatically renews enrollment annually unless funds are not available to treat a particular priority group, in which case VA will notify that group of their inability to provide treatment for the following year.

There is no special category for treating retired soldiers; they are treated as veterans. Medical care is based on the abilities of the VA facilities in your local area. Eligibility for care is based on your status as determined by VA eligibility criteria. Your local VA office can provide more specific information and help determine your entitlements under the VA medical system.

4-7 VA DENTAL CARE

Within 90 days of your retirement, the VA will treat, on a space-available basis, dental conditions documented at the time of your retirement. However, if you received complete dental treatment from the military in the 90 days preceding your retirement, you will not be able to use the VA dental benefit. Your DD Form 214, Record of Release from Active Duty, will note whether or not you are eligible to obtain the space-available dental treatment from VA. Once VA provides the space-available dental treatment, dental treatment is not available through the VA except under certain conditions. Obtain more details at a Pre-retirement Briefing or from the VA.

Section E — Social Security

5-1 GENERAL

Soldiers with 10 or more years of active duty are fully insured for Social Security purposes. Social Security benefits are not reduced because of entitlement to retired pay or vice versa. You will be able to receive a Social Security retirement benefit as early as age 62. Full benefits may be drawn at age 65 or later, depending on your year of birth. Spouses, surviving spouses, and minor children are also eligible to receive benefits on your Social Security work record. Social Security mails annual benefit estimate statements to all beneficiaries 25 years of age or older. You can also obtain an estimate of your Social Security earnings by contacting Social Security at 800-772-1213 or on the Internet at <http://www.ssa.gov>. If your spouse will draw a local, state, or federal retirement annuity from work not covered by Social Security, please read about the Windfall Elimination and Government Pension Offset provisions. Once in the Social Security Homepage, type “windfall elimination” or “government pension offset” in the search window.

Section F — Survivor Benefits

6-1 GENERAL

You have probably already heard about the Survivor Benefit Plan (SBP). You may have gotten your information from a variety of sources: retired soldiers; friends; insurance agents, and other well-intentioned individuals. Unfortunately, not all of your “advisors” will have provided correct information. You are encouraged to keep an open mind and obtain all the facts from the best informed advisor available to you — your Retirement Services Officer (RSO). A listing of RSOs is available at <http://armyg1.army.mil>. That individual has current data on SBP and can accurately outline the benefits and costs to you. This is not a subject to be taken lightly. It is a serious matter and needs your serious attention. The decision you and your spouse make will impact greatly upon your family’s financial future and is likely the most important decision you make in conjunction with your retirement.

6-2 SURVIVOR BENEFIT PLAN (SBP)

SBP was established by Public Law 92-425 on 21 September 72. It was designed to provide a monthly annuity to eligible survivors after a retired soldier’s death. **RETIRED PAY STOPS WITH THE DEATH OF THE RETIRED SOLDIER.** If the retired soldier has not elected SBP coverage, no continuing benefits are payable to the surviving family members. In short, SBP provides income protection for survivors of retirees. If you and your spouse will depend wholly or in part upon your retired pay to live, it is

very probable your surviving spouse will need to receive a portion of that retired pay after you die.

The basic premise is to provide survivor benefits when Social Security is not yet payable and to supplement Social Security when it is payable. SBP is a cost-sharing program between the government and the retired soldier, with the government subsidizing the cost. Before age 62, spouse annuitants receive 55% of the retired soldier's covered amount of retired pay. After age 62, the annuity is paid through a combination of the SBP (35%) and military-earned Social Security (at least 20%). As a result of this SBP/Social Security integration at age 62, in most cases the total income will remain the same or increase.

Please note, and it is worth repeating, SBP is INCOME PROTECTION. It is not life insurance; it is not a savings plan; it is not an investment program; and it is not available through a commercial or private company. It does not replace life insurance but could be supplemented by life insurance. Each individual's financial situation is different. It is impossible to address in a document like this all the variables each soldier can have. However, your RSO can address your individual questions. Take a few minutes, schedule an appointment with the RSO, give the RSO an opportunity to explain the program, and make a decision that best meets you and your family's needs.

Consider in your decision that numerous independent studies on SBP, conducted by government agencies, private industry actuaries, and even commercial insurance companies have concluded that "For most military retirees the SBP is the most financially advantageous option". Unlike a private company, the government cannot go out of business or file for bankruptcy and leave you with nothing. Remember that SBP is government-subsidized and inflation-protected. SBP costs are not based on your age, your state of health, or on economic forecasts. SBP costs do not include costs to advertise, to make a profit, to pay a salesperson's commission, to pay stock dividends or rates of interest, to build new company buildings or to support an investment portfolio. SBP is cost-of-living-adjusted to keep pace with inflation; it will provide you a tax shelter, since costs are deducted from retired pay before income taxes are calculated; SBP is guaranteed by the United States Government; and SBP is payable for the lifetime of the surviving spouse. Recent legislation has made SBP even more attractive by allowing you to stop paying premiums at age 70 if you have paid them for a category of beneficiary for at least 30 years. Additionally, you now have a one-year window, between your second and third anniversary of commencement of retired pay, to terminate SBP coverage, with your spouse's consent.

The bottom line is "GET SOMETHING TO PROVIDE SUPPORT FOR YOUR LOVED ONES WHEN YOU'RE GONE." We strongly recommend you make the Survivor Benefit Plan the foundation of your family's financial support package.

Take the time to read the following information on SBP in order to make an informed decision.

6-3 BASIC SBP QUESTIONS ANSWERED

What is SBP and why was it created?

Congress created the Uniformed Services Survivor Benefit Plan (SBP) in 1972 to put an end to the category of destitute survivors. SBP is the sole means by which survivors can receive a portion of military retired pay. Without it — retired pay stops on the death of the retiree!!

SBP was intended to guarantee that there always would be at least 55% of military retired pay available to a surviving spouse. It was never intended to protect a retiree's total estate, however, it is a strong "income protection" plan which provides a guaranteed inflation-adjusted income to eligible survivors.

Is SBP connected to Social Security?

Yes. The military services meet their obligation to survivors in part through the provision of Social Security, to which they contribute as an employer. Therefore, Social Security benefits are the foundation upon which SBP was built. SBP provides a benefit when Social Security is not payable and a supplement to Social Security when it is.

What is SBP's greatest advantage?

SBP's #1 advantage is the fact that it is COLA-adjusted. This feature helps keep the SBP annuity's purchasing power in step with tomorrow's dollar value. It is a permanently increasing product in that all features of the plan are increased by the same percentage as the retiree COLA. Therefore, the ratio of cost to benefit is constant.

Who can be a beneficiary in SBP?

There are six election categories: (1) spouse; (2) spouse and children; (3) children only; (4) former spouse; (5) former spouse and children; and (6) natural person with an insurable interest.

Some of the details of each category are:

#1: Spouse. A spouse is the spouse the retiree is married to when they die. If they marry after retirement, the marriage must last at least one year or there must have been a child born of that spouse. Benefits are paid until the spouse dies, but stop upon remarriage before age 55 (and can be resumed if that remarriage ends by death or divorce).

#2: Spouse and Children. The spouse is the primary beneficiary, with eligible children (eligibility ends for a child at age 18, or 22 if full-time, unmarried college student; and does not end for one who is incapacitated during the eligibility age window) receiving the annuity only if the spouse dies or remarries before age 55. The 55% annuity is divided equally among the eligible children.

#3: Children Only. Eligible children are the primary beneficiaries (eligibility ends for a child at age 18, or 22 if full-time, unmarried college student; and does not end for one who is incapacitated during the eligibility age window). If the retiree dies while a child is eligible, the 55% annuity continues until the child exceeds the age of eligibility. “Eligible children” includes adopted children, stepchildren, foster children and recognized natural children who live with the retiree in a regular parent-child relationship. Children of all marriages are eligible beneficiaries. A child election offers excellent protection for incapacitated children, since the 55% annuity is payable to them for life. The mental or physical incapacity must have been incurred while in the age of eligibility range.

#4: Former Spouse. This option may be elected voluntarily, or be required by a divorce agreement. Former spouse costs and benefits are identical to those for spouses. Remarriage limitations also apply.

#5: Former Spouse and Children. This is identical to the “spouse and children” option in costs and benefits, except that only children of the marriage to the former spouse are eligible beneficiaries.

#6: Natural Person with an Insurable Interest. If a retiree is unmarried with no children or one dependent child, this option may be selected. The “natural person” must be someone with a financial interest in your life. Examples are a close relative or a business partner.

What is a “base amount?”

This is the dollar amount of retired pay you select to base your participation on. It can be any amount between \$300 per month and your full retired pay. The monthly benefit (or annuity) is 55% of the base amount until age 62 and 35% after age 62 (for surviving spouses).

What are the costs and benefits of SBP?

While on active duty, ALL soldiers are automatically enrolled in SBP at no cost until date of retirement, at which time the following tax-free, government subsidized costs apply.

***Note:** Public Law 107-107, 28 Dec 01, expanded the eligibility for SBP to include not only retirement-eligible members, but ALL members. Line of Duty considerations apply, and the law applies to deaths on active duty occurring since 10 September, 2001.*

Spouse (or Former Spouse): The cost is 6.5% of the base amount. For example, with a base amount of \$1,000 per month, the cost for spouse coverage is \$65. The annuity is 55% of \$1,000 (or \$550) until age 62, and 35% (or \$350) after age 62.

Spouse (or Former Spouse) & Children: the spouse portion of this election costs 6.5% of the base amount. The children cost portion is based on the ages of the soldier, the spouse and the youngest child. The cost is very low, given typical ages.

Children Only: The cost is based on the retiree's age and youngest child's age. For example, using a \$1,000 base amount, with the retiree being 42 and the youngest child 10, the child cost is \$3.60. Children are the only beneficiaries in this option. Eligible children equally divide the 55% benefit.

Natural Person with an Insurable Interest: Full retired pay must be the base amount in this option. Costs are 10% of full retired pay, plus 5% for each full five years younger the beneficiary is than the retiree. Costs cannot exceed 40% of retired pay. NOTE: This option can be cancelled at any time. The annuity is 55% of retired pay minus the SBP premium, and continues for life. Should the retiree gain a spouse or child in the future, the insurable interest coverage maybe canceled in favor of one or both of them, within one year of acquisition.

Can an election be changed?

Elections are generally permanent and irrevocable. However, effective 17 May 98, a member may disenroll during the one-year period between the 25th and 36th month following start of retired pay. Spouse concurrence is required; no costs are refunded; no future enrollment is allowed. Deductions from retired pay continue as long as there is an eligible beneficiary. Costs are suspended if a spouse is lost to death or divorce. If a subsequent spouse is acquired, SBP coverage automatically resumes at the first anniversary unless a written request to decline resumption is made by the retiree before that date. Child costs cease when the youngest child is ineligible. NOTE: SBP elections are made by category, so the choice you make for your eligible beneficiaries at retirement applies to all future beneficiaries. That is to say that if you are married and decline coverage for your spouse at retirement, and subsequently remarry, you may not enroll your new spouse. The same applies to child coverage. If you have eligible children for whom you decline coverage, you may not cover future children.

Does my spouse have to agree with me?

Yes, in the following three elections: (1) cover less than full retired pay; (2) cover children only; or (3) decline coverage. In these cases, the spouse's written concurrence must be provided prior to date of retirement, or election is full automatic spouse coverage.

What happens to my spouse coverage if I divorce after retirement?

Spouse coverage will be suspended when the retired pay center is provided proof of divorce. Notify them immediately upon divorce. The retiree then has one year from the date of divorce to make a written request to change the election from "spouse" to "former spouse", voluntarily or in compliance with a court order. The former spouse has the same one-year period to request that a former spouse election be deemed if court-ordered or part of a written agreement.

Is SBP a good buy?

The subsidy, tax-free costs, and COLA treatment make this a good buy for most male retirees.

6-4 THE “NEGATIVES” OF SBP — ARE THEY REALLY?

Retired pay stops when you die! The Survivor Benefit Plan (SBP) is the sole means for you to continue a portion of military retired pay to your survivors. The decision must be made at retirement from military service and is a critical one, given its life-time impact on the family’s financial well being.

The cost of SBP increases.

True, but relatively speaking, the cost remains constant. Retired pay, SBP costs and SBP annuities are increased at the same rate as the retiree cost-of-living adjustment (COLA). Also important is the designed government subsidy, or cost-share.

I can buy more insurance for less than SBP.

The key here is that this statement may be true in the beginning (i.e. the first several years after retirement). The SBP decision is for a LIFETIME. The indexing of retired pay gives SBP a lot of value “down the road” which term insurance can’t offer. You can get a true picture of the long-term, extended costs and benefits by asking your RSO for an actuarial valuation and comparison of SBP versus term insurance (also available at www.armyg1.army.mil/retire).

SBP doesn’t have cash value and can’t be borrowed against.

True. When a product offers cash value buildup, you pay plenty for it. SBP is an income protection program that is often compared to term life insurance. Term insurance is temporary protection purchased to protect a known risk for a known period of time. Its cost rises or benefits decrease with age. SBP should, in fact, be likened to permanent, increasing term protection at a constant relative cost that cannot be outlived by the recipient.

The SBP annuity is taxed.

True, but remember this important aspect—the premiums are TAX-FREE. The tax-free benefit is realized as you pay, since the premiums are deducted from retired pay before taxable income is calculated. This lowers your income tax obligation at a time when family income (and tax bracket) is normally the highest — as an earning couple. The annuitant’s tax bracket is normally significantly lower than when the retiree was alive.

No money is returned if my spouse dies first.

True. You have, however, gotten what you paid for — protection — in the form of a degree of financial security for your spouse had you died first. Your car insurer does not return money if no accident occurs. Why? Because you paid for protection you received. SBP is similar, but is also tax-advantaged, government-subsidized, and COLA adjusted. If the possibility of getting no

money back upon your spouse's death really bothers you, one simple way to minimize or eliminate that is to insure your spouse's life. In fact, you could use the tax savings offered by SBP to purchase the policy. Also don't forget the fact that SBP elections are made by "category", so upon the loss of your spouse the costs are suspended. And, if you remarry in the future, you have one year to either resume coverage (still at 6.5%) or decline to resume. With commercial insurance, your new spouse's age, health, pre-existing conditions, etc. would determine the cost of new protection.

There is no residual estate for my children when my spouse dies.

True. SBP was never intended to be an inherited benefit, instead it continues a portion of the retired pay to a beneficiary, primarily a spouse. However, eligible children can be designated as primary or alternate beneficiaries. Insurance, savings and investments are products designed to provide assets for a residual estate. SBP offers the best inheritance you can give your children — a financially independent parent.

SBP costs are excessive compared to benefits received.

Not true. You get what you pay for. Lower costs do not necessarily mean greater benefits. Some commercial plans have a "termination date" — a maximum period for which benefits will be paid. Others have a "fixed starting date" — a date before which no benefits are paid. SBP has none of these restrictions. One of the most important features of SBP is that the annuitant cannot outlive it. Consider these facts based on a male retired officer age 45, with a spouse age 42. Forty percent of the surviving spouses could survive as long as 22 years following the retiree's death; 50%—19 years; and 70% —15 years. With no portion of retired pay continued through SBP, it is likely that there would be a period of time when the surviving spouse would not have sufficient income to meet basic needs. SBP is guaranteed for the surviving spouse's lifetime, however long (although it is suspended if remarriage occurs before age 55). NOTE: Female retirees should consult with an RSO in considering their mortality prospects compared to their husband's.

NOTE: A recent law change makes SBP "paid-up" (i.e. no future premiums owed, but an annuity payable) when the member reaches age 70 and has made 360 monthly payments. At this writing, the law is not effective until 1 Oct., 2008.

SBP cannot be tailored to meet my individual needs.

Not true. Continual attention under SBP is not necessary because SBP automatically adjusts the base amount covered and annuity amount payable through COLAs. Tailoring to individual needs was accomplished when the soldier's retired pay was calculated. Since SBP is an extension of retired pay, the tailoring is built in, and is enhanced by the tie to COLA. Flexible, tailored plans for individuals often cause confusion and make comparisons of two or more plans difficult. SBP requires no periodic review

due to COLA, whereas commercial plans require continual adjustment as the economy changes. NOTE: Effective 17 May 98, a retiree may disenroll from SBP during the one-year period between the 25th and 36th month after retired pay starts. Spouse concurrence is required, no costs are refunded and future enrollment is not allowed.

I paid for a 55% benefit, which is reduced to 35% at age 62.

Not true. The 6.5% spouse cost is based on the post-age 62 benefit of 35%. SBP's intent is to build upon the retiree's Social Security entitlement, which in part is based on active military service. The second tier reduction, which occurs at age 62 is more than made up by the retiree's government subsidized Social Security benefit, which the surviving spouse is entitled to in most cases.

Hopefully, the facts provided will help you make the right choice to enhance your family's financial future. Because the SBP decision has such a tremendous impact on the total estate planning, it is suggested that you begin by requesting individual counseling from your Army RSO.

6-5 THE RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RC-SBP)

RCSBP was created by Congress on 1 October 78. It is discussed below in the "Reserve Component Retirement System" chapter of this guide.

Section G — The Uniformed Services Former Spouses' Protection Act (USFSPA)

7-1 GENERAL

This section offers a general discussion of the USFSPA in three areas — division of retired pay; the Survivor Benefit Plan (SBP), and Identification (ID) and Privilege Cards. It is not a legal brief nor does it state a legal position. It cannot be used as evidence of intent, interpretation, or precedent in any legal action. The points made are not designed to answer detailed questions concerning individual cases. Parties impacted by the USFSPA should consult a military or civilian attorney for more information.

7-2 BACKGROUND

The 1981 landmark case, *McCarty v. McCarty*, brought the issue of whether or not a court could consider military retired pay as marital property and order a division of it, to the U.S. Supreme Court. The Court ruled that retired pay could not be divided as community property without Congressional authorization. Shortly afterwards, in 1982, Congress provided that authority by enacting Public Law 97-252, commonly known as the Uniformed Services Former Spouses' Protection Act, or USFSPA. With that, the stage was set for the ongoing debate over various USFSPA provisions, brief summaries of which follow.

7-3 DIVISION OF RETIRED PAY

The Act granted two main authorities:

1. that state courts may treat military retired pay as they would other marital property to permit a qualified division; and,
2. that the appropriate government agency (Defense Finance and Accounting Service — Cleveland, DFAS-CL) could make direct payments to former spouses under certain conditions.

No Automatic Entitlement: The USFSPA does not provide for an automatic entitlement to a division of military retired pay. For example, a couple may have been married throughout a full military career, yet the USFSPA does not compel a state court to award a division of retired pay to the former spouse.

Enforcement: The USFSPA affords the retiree protection in that even when payments are court-ordered, direct payments for former spouses cannot be made unless the parties were married to each other for at least 10 years, during which time the member performed at least 10 years of creditable military service. To illustrate, marriages need not meet the 10 years of marriage overlapping with service requirements in order for the state court to direct that retired pay be divided. However, DFAS-CL will not make direct payments to the former spouse if these two requirements are not met.

Child Support or Alimony: The 10 years of marriage/overlap with service requirements do not apply to direct payment of child support or alimony.

Limitations: The court order will not be honored by DFAS-CL unless the court issuing the order held jurisdiction over the member. This jurisdiction requirement, however, does not apply to child support or alimony.

Further, regardless of the award made by the state court, the government restricts direct payment to the former spouse to 50 percent of the member's "disposable" retired pay. The exception to this is in enforcement of child support garnishment orders, which can raise the direct pay amount to a total of 65% of disposable pay.

Disposable Pay: Disposable pay is the product of the gross retired pay entitlement minus the following:

- Amounts owed by the member for previous overpayments or recoupments;
- Amounts deducted for court martial fines;
- Amounts waived under title 5 for Civil Service employment or under Title 38 for VA disability compensation;
- Survivor Benefit Plan (SBP) premiums (only if the former spouse to receive the pay division is also the named former spouse SBP beneficiary);
- (For post-14 November 86 court order dates): amounts of retired pay based on disability (per Title 10, Chap. 61);

- (For pre-3 February 91 court order dates): amounts owed the U.S.;
- (For post-3 February 91 court order dates): amounts withheld for federal and state income taxes, consistent with the member's tax liability.

Application Procedure: Only the former spouse or the former spouse's attorney can apply for direct pay under the USFSPA, using a DD Form 2293 (Application for Former Spouse Payments from Retired Pay). The member cannot. Once the process is successfully completed, payments to the former spouse begin within 90 days, in accordance with the normal retired pay cycle. If the member is not yet retired, payments begin within 90 days after date of retirement.

Former Spouse Remarriage: Remarriage by the former spouse does not cause the former spouse to lose entitlement to receive direct payment of retired pay which was awarded as property, unless so specified by the court.

7-4 THE SURVIVOR BENEFIT PLAN (SBP)

Voluntary or Court Ordered: Since 14 November 86, state courts have been permitted to order a member to participate in SBP for the member's former spouse. This pertains both to active duty members who can be ordered to elect former spouse coverage at retirement, and to retirees enrolled with spouse coverage. Courts cannot order a retiree to provide former spouse coverage unless the member had previously made a spouse election for that former spouse.

Similarity to Spouse Coverage: When divorce occurs after retirement, former spouse coverage will be in the same amount as spouse coverage. In active duty divorces, the specific level of coverage to be elected should be directed by the court order.

Loss of Eligibility: If the former spouse remarries before age 55, SBP eligibility is lost, participation is suspended, with no costs owed during the period of in-eligibility. However, if that remarriage ends, eligibility is restored, participation is resumed and costs are owed. Marital status changes must be reported to DFAS-CL immediately.

General Irrevocability: Elections are generally permanent with the following exceptions:

Disenrollment Option: A retiree can disenroll, with the former spouse's written consent, between the 25th and 36th month after the start of retired pay.

Retiree's Remarriage — If the retiree remarries, former spouse coverage may be changed to spouse coverage at anytime IF the following occurs:

- If the former spouse election is court-ordered, or an agreement to make the election is incorporated in or ratified or approved by a court order, the member furnishes a certified valid court order modifying the provisions of all previous court orders relating to the election.

- If the former spouse election is the result of a written agreement which is NOT incorporated or ratified or approved by a court order, the former spouse provides written concurrence with the change of election.
- If the former spouse election is purely voluntary, with no written agreement existing, the former spouse is notified.

Deemed Elections: A former spouse has one year from the date of the court order to make a written request to DFAS-CL for a deemed former spouse election. Providing DFAS-CL a copy of the divorce decree does not constitute a request for a deemed election. By law, a written request must be made. Former spouses are advised to take this action, both when the divorce occurs while the member is on active duty, and after retirement. It is the only way that a former spouse election will be made if the member fails to comply with the court order within one year. All members are similarly advised to voluntarily request in writing that former spouse coverage be implemented if court-ordered, so as not to be in contempt of court.

Two Common Errors: Some SBP participants mistakenly believe that SBP elections are made by individual, rather than by category. The result of that belief often is that a member fails to notify DFAS-CL of a divorce, assuming that coverage will continue for that person, by name. Or, if notification is made, the required written request is not, and thus the election category is not changed from “spouse” to “former spouse”. Costs continue to be withheld (for a nonexistent spouse beneficiary), and the retiree assumes that continued cost = continued coverage. Too often, the grim discovery following the retiree’s death is that no valid election exists and no annuity is payable, or if payable, it is to a current spouse. By the same token, many former spouses are unaware that simply providing the divorce decree to DFAS-CL is not a request for a deemed election. Again, by law, a written request must be made within one year after the date of the court order. Failing that timely action, future inquiry will reveal an invalid former spouse election, if it was not accomplished by the retiree.

7-5 IDENTIFICATION CARDS

The USFSPA and its subsequent amendments authorize military benefits to certain former spouses.

Minimum Eligibility Requirements: ALL of the following criteria must be met in order to receive a military ID card:

- Marriage of at least 20 years
- Creditable service of at least 20 years
- Marriage overlap with service by at least 15 years
- If overlap is at least 20 years — full privileges
- If overlap is at least 15, but less than 20, years — medical care only, for one year from divorce. After one year, enrollment in a premium-based, temporary transitional health care program, “Continued Health Care

Benefit Program” (CHCBP), is available to a former spouse without employer-sponsored coverage. (Note: Former spouses in this category whose divorces were finalized on or before 2 April 85, were granted indefinite medical benefits.)

Call your nearest military ID card office for additional information on this topic. Learn more about the USFSPA at: www.armyg1.army.mil/retire; and <http://www.dfas.mil>.

Section H — Reserve Component Retirement System

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8-1 GENERAL

If you are a U. S. Army Reserve or National Guard member, you must meet the following minimum requirements to be eligible for retired pay at age 60:

- be at least 60 years of age; and
- have performed at least 20 years of qualifying service computed under Section 12732, Title 10, United States Code; and
- have performed the last eight years of qualifying service while a member of the Active Reserve.

(NOTE: If you completed your service requirement between 5 October 94 and 30 September 01, you need only have performed the last 6 years of qualifying service while a member of the Active Reserve); and

- not be entitled, under any other provision of law, to retired pay from an armed force or retainer pay as a member of the Fleet Reserve or the Fleet Marine Corps Reserve; and
- must apply for retired pay by submitting an application to the branch of service you were assigned to at time of your discharge or transfer to the Retired Reserve. For those serving in the Army National Guard or Army Reserve the address is Commander, AR-PERSCOM, ATTN: ARPC-PSP-T, One Reserve Way, St. Louis, MO 63132-5200.

AR-PERSCOM processes applications for age 60 reserve retirement for the Army Reserve and Army National Guard. Soldiers eligible for age 60 reserve retirement are mailed an application packet during the month of their 58th birthday. These packets include instruction sheets and all of the forms necessary to process your retirement. Packets are mailed to your address listed in the reserve data-base (TAPDB-R). AR-PERSCOM recommends that all soldiers maintain a valid address so you may promptly receive your benefits and entitlements.

8-2 RETIREMENT POINTS ACCOUNTING SYSTEM (RPAS)

Before 1982, there was no centralized or automated capture and storage of accumulated points for members of the USAR. Each year's points for Troop Program Unit soldiers were recorded and filed in their Military

Personnel Records Jacket (MPRJ). The soldier received an annual automated data processing punch card, which recorded the previous retirement years' (RY) earned points.

The Reserve Component Personnel and Administration Center (now U. S. Army Reserve Personnel Command or AR-PERSCOM) eventually developed a semi-automated system for capturing and storing points for members of the IRR, but even that system did not accumulate points beyond the latest retirement year. A complete records audit was required each time it was necessary to determine how many qualifying years and/or total points a member of the USAR had accumulated.

In 1981, AR-PERSCOM created the Retirement Points Accounting System (RPAS), an automated system that annually accumulates and verifies retirement points data for each Reserve soldier. With RPAS, errors can be easily corrected while the information needed to correct them is still available. RPAS goals include:

- Providing an accurate, annual record of military service and participation for Army Reserve (USAR) soldiers.
- Providing an automated 20-year letter to each USAR soldier upon qualification.
- Eliminating annual reporting of paid attendance and school completion by USAR units.
- Providing a valid data source for use by Department of Defense in projecting future retirement costs.

NOTE: AR-PERSCOM recommends you keep your retirement points updated and that all corrections be processed prior to reaching your 58th birthday. If you are a unit member have your unit technician update your points. If you are in the retired reserve you may contact the appropriate Regional Support Team at AR-PERSCOM to update the Retirement Points Accounting System (RPAS).

8-3 QUALIFYING YEAR

As a Reserve/National Guard soldier, you must have 20 “qualifying” years of service to be eligible for retired pay at age 60. A “qualifying year” is one in which you earn a minimum of 50 retirement points. For a full explanation of how retirement years are established see AR 140-185, Unit Technician, Regional Support Team or Army Reserve Personnel Command.

This subject is too complex to be explained effectively in a publication of this nature. In general terms, however, a soldier establishes a retirement year ending date by entering the Active Reserve. The date you enter the Active Reserve is your retirement year beginning date (RYB). As long as you have no break in service, your retirement year ending date (RYE) will be one year later. For example, a soldier who joins the Active Reserve on 2 July 86 would have a RYB of 2 July 86 and a RYE of 1 July 87.

8-4 MAXIMUM POINT RULE

Soldiers may accumulate a total of 365 points per year (366 in a leap year) from inactive and active duty service. However, for retired pay calculation purposes, the following three dates are used in regards to maximum points allowed per year:

- Effective 31 October 00 Maximum Non-Active duty Points allowed: 90
- Effective 23 September 96 Maximum Non-Active duty Points allowed: 75
- Prior to 23 September 96 Maximum Non-Active duty Points allowed: 60

You are allowed currently a maximum of 90 points per year between IDT, extension courses and membership points. There is no grandfathering nor recalculation of retirement pay authorized.

8-5 COMPUTATION OF RETIRED PAY

To determine how much retired pay you may be eligible to receive; the first step is to calculate the number of equivalent years of service. The formula for computing equivalent years of service for Reserve/National Guard retired pay at age 60 is fairly simple:

Total Creditable Retirement Points

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The formula computes the number of equivalent years of service the soldier has completed (comparable to full time service). For example, 3,600 points equals 10 years.

AR-PERSCOM will notify the Defense Finance and Accounting Service — Cleveland Center (DFAS-CL) of the number of years service you've earned. Guard and Reserve members who transfer to the Retired Reserve until age 60 will be credited for basic pay purposes with the years spent in the Retired Reserve. Guard and Reserve members who separate or are discharged from the Retired Reserve before age 60 will be credited for basic pay purposes only with the years before their discharge/separation.

(Separating/discharging rather than transferring to the Retired Reserve will impact your retired pay and should be carefully considered)

Depending on the date you initially entered military service, also called your DIEMS date (see paragraph 2-5 of this guide for an explanation of DIEMS), your monthly Reserve retired pay will be calculated under the "Final Basic Pay" or "High-3" formula as follows:

- **DIEMS date before 8 September 80:** Multiply your years of satisfactory (equivalent) service by 2.5%, up to a maximum of 75%. Multiply the result by the basic pay in effect on the date your retired pay starts.
- **DIEMS date on or after 8 September 80:** Multiply your years of satisfactory (equivalent) service by 2.5%, up to a maximum of 75%. Multiply the result by the average of your highest 36 months of basic pay.

The highest 36 months of basic pay for a member who transfers to the Retired Reserve until age 60 will normally be the 36 months before they turn 60. Members who request a discharge from the Retired Reserve before 60, however, can't use basic pay rates in effect after their discharge. Think carefully before requesting a discharge from the Retired Reserve. It will impact your retired pay!

AR-PERSCOM has recently introduced an online retired pay calculator that will allow reserve component soldiers worldwide to accurately estimate their retired pay. The calculator provides estimated monthly retired pay in today's dollars and/or projected in future dollars at age 60. The calculator is at <https://www.2xcitizen.usar.army.mil>.

8-6 COST OF LIVING ADJUSTMENTS TO RETIRED PAY

Your retired pay will be increased annually by a cost-of-living allowance (COLA) based on the change in the Consumer Price Index (CPI) from the third quarter of one calendar year to the third quarter of the next. COLAs are normally effective 1 December and payable the first working day in January

8-7 20-YEAR LETTER

For years the services had difficulty accurately establishing when a member of a reserve component had completed 20 qualifying years of service. Many soldiers stopped participating when they believed they had completed 20 qualifying years only to discover, much too late (at age 60), that they did not meet the requirements for retired pay.

In 66, PL 89-652 imposed a requirement on the Service Secretaries to notify members of the reserve components when they had completed sufficient years for retired pay purposes. A letter with the subject "Notification of Eligibility For Retired Pay at Age 60," commonly referred to as the 20-year letter, does this. You should receive this letter within one year of completing 20 qualifying years of service for retired pay purposes.

If you are a member of the Army National Guard, you will receive your letter from the National Guard Bureau.

If you are a USAR soldier and all your creditable service is reflected in RPAS, RPAS will issue your 20-year letter approximately 45 days after the RYE that documents your 20th qualifying year. If RPAS is not correct and you have 20 qualifying years, you must submit documentation and have the record screened by AR-PERSCOM prior to the applicable RYE before your 20-year letter will be issued. IRR soldiers must work with the Regional Support Teams of the Personnel Actions and Services Directorate of AR-PERSCOM, and Troop Program Unit soldiers must work with their unit technicians and through their chain of command to ensure all creditable service is reflected in RPAS.

8-8 RETIRED PAY PROCESS

Once you receive your 20-year letter, eligibility for retired pay based on nonregular service may not be denied or revoked on the basis of any error, miscalculation, misinformation, or administrative determination of years of service performed, unless it resulted directly from fraud or misrepresentation. Administrative errors, such as the awarding of too many points, can be corrected; however, eligibility for retired pay cannot be withdrawn. The 20-year letter is a valuable document and should be stored in a safe place with other documents pertaining to your estate.

AR-PERSCOM will mail a retirement packet to you on your 58th birthday. You have 90 days to return it.

NOTE: *If you have not kept your address current with AR-PERSCOM, you won't receive the packet. Once you return the packet, AR-PERSCOM will certify you for retired pay and notify DFAS-CL to establish your retired pay account.*

8-9 THE RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RCSBP)

RCSBP was created by Congress on 1 October 78. It is a plan which allows you to continue a portion of your future retired pay entitlement to your enrolled beneficiary(ies), in the event that you die before you begin to receive retired pay at age 60. The basic rules of RCSBP (e.g., who can be enrolled; how much is the annuity) are identical to those of the Survivor Benefit Plan (SBP). (Highly recommend you read Section F — Survivor Benefit Plan.) Listed below are some of RCSBP's unique features to consider when making your decision on participation. Follow the same guiding principle: if your future retired pay has been factored into your financial plan — give it the same importance in your survivor's financial plan.

8-10 ELIGIBILITY

Upon being notified that you qualify for Reserve retired pay (i.e., receive your 20-year letter), and before being age 60, you are eligible to enroll in RCSBP. You elect coverage during the 90-day period beginning the day you receive your 20-year letter packet.

8-11 ELECTION OPTIONS

Since 1 January 01, automatic enrollment occurs for married soldiers unless they provide written spouse concurrence with Option A, Option B, or Option C (covering less than full retired pay, or children only). Failure to make an election within the specified time frame, or to provide required spouse concurrence results in automatic full spouse coverage.

Option A (DECLINE TO PARTICIPATE)

You will have no survivor protection in place before age 60. However, you remain eligible to elect SBP at age 60 in conjunction with applying for

retired pay. Repeat: An annuity will not be paid to your beneficiaries if you die before age 60 with this option in effect.

Option B (DEFERRED ANNUITY)

Provides that an annuity will be payable on the 60th anniversary of your birth, if you die before age 60, or immediately if you die after age 60.

Option C (IMMEDIATE ANNUITY)

Provides that an annuity will be payable immediately upon your death, whether you die before or after age 60.

8-12 BENEFICIARIES

Identical to SBP. Note: Any change in beneficiary status must be reported to AR-PERSCOM immediately.

8-13 RCSBP COSTS

Identical to SBP, except that there are three possible costs associated with RC-SBP. These costs are not paid until you begin receiving retired pay at age 60, at which time they are withheld, and are tax-free. They are: Basic Cost, Reserve Portion Cost, and Supplemental Cost. Following is a brief summary of each:

Basic Cost

Same as SBP.

Reservist Portion of Cost

Option A — no cost since there was no survivor coverage in place. Option B and Option C — the Reserve Portion Cost added to the basic cost covers the additional benefit and protection afforded should you die prior to age 60. The Reserve Portion Cost is a percentage of the SBP base amount, and is derived from your age and your beneficiary's age on election date. (If you do not elect Supplemental Survivor Benefit Plan (SSBP) coverage, your total cost will be two-fold: the Basic Cost plus the Reserve Portion Cost. However, if you elect supplemental coverage, there is an additional charge for that option.) NOTE: You can now get your estimated Reserve Component Survivor Benefit Plan cost online. For information on using the interactive the interactive calculator, read the "How to Estimate Your Reserve Component survivor Benefit Plan" section on AR-PERSCOM's website <https://www.2xcitizen.usar.army.mil>.

Supplemental Survivor Benefit Plan (SSBP) Cost

Same as when elected in conjunction with SBP. With SSBP, you can pay an additional monthly premium to increase the post-age 62 spouse/former spouse annuity from 35 to 40, 45, 50 or 55%. This election is made in conjunction with the initial RCSBP decision.

Annuity

The spouse annuity has a two-tiered design. Before age 62, it pays 55% of the base amount designated, less the Reservist Portion Cost. After age 62, it pays 35% of the base amount, less the Reservist Portion Cost.

8-14 YOUR RESPONSIBILITY

You are responsible for maintaining records that document your Reserve participation and retirement points. The following documents should be safeguarded:

- DD Form 214 (proof of active duty)
- DA Form 1383 (proof of Army Reserve duty)
- ARPC Form 249-2E, DARC Form 249, or AGUZ 115 (proof of Army Reserve duty)
- NGB Form 23, or a detailed statement of service from the state adjutant general (proof of National Guard duty)
- AF Form 526 (proof of Air Force or Air Force Reserve duty)
- NAVPERS Form 1070-61 (proof of Navy Reserve duty)
- NAVMC Form 768 (proof of Marine Corps Re-serve duty)
- CG HQ Form 4973 (proof of Coast Guard Reserve duty)
- Any document proving the soldier participated in a period of inactive duty training (IDT) such as DA Form 1380 or DA Form 1379
- Proof of completed correspondence or extension courses
- Appointment or enlistment documents/ notices that prove membership
- Military pay vouchers, travel vouchers, OERs and NCOERs to substantiate periods of active duty training (ADT). Orders are not accepted as proof of ADT unless accompanied by one of the following: a travel voucher, OER, or NCOER received for the period of training; a Certificate of Attendance signed by your commander; or if on ADT for points only, DA Form 1380

Who to Contact for Help:

- Unit Technician for Retirement prior to age 60
- Your Regional Support Team
- Transition and Separations Branch of Regional Support Team AR-PERSCOM Customer Service Contact Office, 800-318-5298 AR-PERSCOM webpage: <https://www.2xcitizen.usar.army.mil>

Section I — Military Awards

9-1 REPLACEMENT MEDALS/RIBBONS/CERTIFICATES

There is a service available to Army veterans and retirees for replacing award emblems either previously issued but lost, or issued, but for some reason never received by the soldier. The Army may charge the individual for each medal replaced. There is no set fee since some medals are more costly than others. This service is available to the veteran/retiree by corresponding directly with:

National Personnel Records Center
ATTN: Army Reference Branch
9700 Page Avenue
St. Louis, MO 63132-5100

Current members of the Army Reserve, and Army National Guard should contact their local commanders for assistance, or write to:

U.S. Army Reserve Personnel Command
ATTN: ARPC-PSV-V
One Reserve Way
St. Louis, MO 63132-5200

9-2 AWARDS AND DECORATIONS

Federal law and Army policy require that recommendations for military awards and decorations be formally submitted into official channels within two years of the act that is to be recognized. However, Title 10 United States Code (USC), Section 1130, provides an avenue for consideration of military decorations that otherwise could not be considered due to existing Federal law and Army policy. Specifically, Title 10 USC, Section 1130, allows for the submission of any award or decoration that was not previously submitted within the prescribed time limitations, requests for unit awards, and upgrades to previously issued awards. However, a Member of Congress must refer requests submitted under this provision to the appropriate Service Secretary. Under the provisions of Title 10 USC, Section 1130, it is the responsibility of the requester to obtain all supporting documentation. Much more detailed information is available at: <https://www.perscom.army.mil/tagd/awards/index.htm>

Requests are to be forwarded by a member of Congress.

Recommendations that were previously submitted and acted upon can be reconsidered if there is conclusive evidence that new, substantive information is made available. Awards submitted within the prescribed time limitations can be acted upon if there is evidence the award was not processed to a conclusion either through inadvertence or because it was lost. A request for reconsideration of a disapproved or downgraded recommenda-

tion must be placed in official channels within 1 year from the date of the awarding authority's decision. One time reconsideration by the award authority shall be conclusive. However, a member of Congress can request a review of a proposal for the award or presentation of a decoration (or the upgrading of a decoration) that is not authorized to be presented or awarded due to limitations established by law or policy for timely submission of a recommendation.

Cold War Recognition Certificates

In accordance with section 1084 of the Fiscal Year 98 National Defense Authorization Act, the Secretary of Defense approved awarding Cold War Recognition Certificates to all members of the armed forces and qualified federal government civilian personnel who faithfully and honorably served the United States anytime during the Cold War era. All members of the armed forces and federal government civilian personnel who faithfully served the United States during the Cold War era, 2 September 45 to 26 December 91 are eligible to receive the certificate. Individuals requesting a certificate will certify that their character of service was honorable and provide proof of service. Any official government or military document with recipient's name, Social Security Number/Military Service Number/Foreign Service Number and date of service is acceptable. To request a Cold War Certificate via the Web, go to: <https://coldwar.army.mil>, then fax or mail documentation. The FAX number is 800-723-9262 for further awards information please visit the military awards branch homepage via PERSCOM-on-line at: [https://www.perscom.army.mil/tagd/awards /index.htm](https://www.perscom.army.mil/tagd/awards/index.htm)

Section J — Retirement Outprocessing Checklist

10-1 GENERAL

Following is a timetable for accomplishing some of your retirement outprocessing actions. Your retirement services officer or your personnel officer will provide a more detailed checklist that addresses specific installation requirements.

GOOD LUCK!!

DAPE-RSO

| Action | Timeframe |
|---|-----------------------|
| <input type="checkbox"/> a. Contact your installation Retirement Services Officer (RSO) to arrange retirement and Survivor Benefit Plan (SBP) briefing. | ASAP after decision |
| <input type="checkbox"/> b. Contact Army Career & Alumni Program (ACAP) Office for job transition/resume help. | ASAP after decision |
| <input type="checkbox"/> c. Initiate retirement physical prior to transition leave ret | 4 months prior to |
| <input type="checkbox"/> d. Medical/dental care for retirees is limited — consider purchasing TRICARE supplement | 3 months prior to |
| <input type="checkbox"/> e. Arrange appointment with SJA for will | 3 months prior to |
| <input type="checkbox"/> f. Contact transportation for HHG shipment (must have orders) | 2 months prior to |
| <input type="checkbox"/> g. Complete DD Form 2656, Data for Payment of Retired Personnel (and SBP election) | 2 months prior to |
| <input type="checkbox"/> h. Complete VA Form 21-526, Application for Compensation from Department of Veterans Affairs | 2 months prior to |
| <input type="checkbox"/> i. Complete DD2860 Application for Combat-Related Special Compensation (CRSC) | 2 months prior |
| <input type="checkbox"/> j. Obtain SF 1199A for electronic transfer retired pay to financial institution (only if changing financial institution) | 1 month prior |
| <input type="checkbox"/> k. Initiate action for retired ID cards | 1 week prior |
| <input type="checkbox"/> l. Convert SGLI to VGLI (VA sends appl) | Within 120 days after |
| <input type="checkbox"/> m. Join military associations and remain active in support of Army issues | ASAP |

Section K — Retiree Casualty Assistance Checklist

If you died tomorrow, would your family know what to do? You can help your family now by filling out these pages and making sure they know where you keep it.

Retiree Information

Name: _____ SSN: _____

Date and Place of Birth _____

Date of Retirement _____ Retired Grade/Rank _____

Circle all that apply: RSFP SBP SSBP RCSBP

VA Claim # _____

Eligible to draw VA disability compensation: YES NO

Receiving Social Security? YES NO

If Yes, age first received: _____ Years: _____ Months _____

Organ Donor: YES NO

Is there a Living Will? YES NO

Location: _____

Spouse Information

Name _____

SSN: _____ Date of Birth: _____

Date of Marriage _____ Married (*City, State, County*) _____

Children Information *(For each child)*

Name: _____ Address _____

Name: _____ Address _____

Name _____ Address _____

Incapable of self-support? YES NO

Insurance Policies

Company: _____ Policy # _____

Amount: _____ Beneficiary *(include as of date)* _____

Company: _____ Policy # _____

Amount: _____ Beneficiary *(include as of date)* _____**Investments**

Type (IRA, CD, Mutual Fund): _____

_____ Account # _____ Amount *(include as of date)* __________ Account # _____ Amount *(include as of date)* __________ Account # _____ Amount *(include as of date)* _____**Bank Accounts**

Bank _____

Type&Account# _____ Amount *(include as of date)* _____

Bank _____

Type&Account# _____ Amount *(include as of date)* _____

Bank _____

Type&Account# _____ Amount *(include as of date)* _____

Creditors

Name & Address _____

Account # _____ Balance Due *(include as of date)* _____

Life Insurance YES NO _____

Name & Address _____

Account # _____ Balance Due *(include as of date)* _____

Life Insurance YES NO _____

Name & Address _____

Account # _____ Balance Due *(include as of date)* _____

Life Insurance YES NO _____

Burial InformationDo you want to be ☐ Buried ☐ Cremated

Who should be notified of your death:

Name _____ Relationship _____

Address _____ Phone Number _____

Do you want to be buried in uniform YES NO

Memorial Service YES NO

Do you want Military Honor Guard YES NO

Preference of funeral home YES NO

Where _____

Location of Documents**Documents****Location**☐ Will☐ DD214☐ Retired Pay Statement☐ Marriage Certificate☐ Divorce Decree/Property Settlement☐ Retirement Orders/20 year Letter☐ Birth Certificates/adoption Papers☐ Safe Deposit Box (*list contents*)☐ Insurance Policies☐ Tax Returns☐ Burial Plot Information☐ Medical & Dental Records☐ Real Estate Deeds

Other Information deemed appropriate

Phone Numbers:**Casualty Assistance Office:** (immediate assistance upon retiree's death) 1-800-626-3317**From Overseas,** call collect 703-325-7990**Retired and Annuitant Pay:** 1-800-321-1080**Veterans Assistance (VA):** 1-800-827-1000**Social Security:** 1-800-772-1213**Nearest RSO** _____ (can be obtained from any
issue of Army *Echoes*)

